

**U.S. Diplomacy Toward Latin America:  
A Legacy of Uneven Engagement**

Testimony of

Stephen C. Johnson

Senior Policy Analyst for Latin America

The Kathryn and Shelby Cullom Davis  
Institute for International Studies

The Heritage Foundation

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Chairman Burton, ranking member Menendez, distinguished members of the Committee:

Thank you for inviting me to testify on this timely subject—an assessment of recent U.S. diplomacy toward Latin America. Your hearing comes at a time when incomplete democratic reforms and limited market openings have triggered dissatisfaction with democracy and liberal economies. Now supporters of populism and activists from a reawakening hemispheric left are rallying against this progress so painstakingly achieved during the past 20 years.

As the United States has become increasingly dependent on foreign oil and impacted by migrating populations, troubles in Latin America take on greater importance. However, our engagement with this region has been uneven—that is, less guided by strategy than by tactical response. Perhaps Latin America is not as important as trade partners in Europe and Asia, or the problematic Middle East. But it is a close and populous neighbor, and one that teeters between stable self-sufficiency and chaotic menace. More significant, it is being drawn into the orbits of other global actors.

That doesn't mean we have to solve the region's problems. Its peoples and leaders should bear the burden of making their own choices—reaping the benefits of good ones and learning from the bad. But the United States can be more consistent in cultivating relations that serve our own interests as well as those of our neighbors. To stave off future problems, the United States should have a comprehensive plan of engagement, practice hands-on diplomacy, and nurture enduring partnerships.

### **Between Strategy and Tactics**

The Monroe Doctrine and building the Panama Canal were strategic decisions. Sending Marines to Nicaragua and the Dominican Republic were tactical responses. In recent years, the best example of a strategic agenda toward Latin America occurred during the Reagan Administration. Even so, it was focused mainly on Central America and the Caribbean. It sought to roll back Soviet advances in the hemisphere, establish stable democracies, and introduce economic reforms.

Reagan's strategy had political, military, economic, labor, diplomatic, and multilateral tracks. Even Charles Wick, Director of the U.S. Information Agency and presidential confidant, toured Central American posts to ensure that public diplomacy units were explaining the administration's policy. Meanwhile, the Agency for International Development handed scholarships to needy Central American students so they could attend college in the United States.

Because it took sides, President Reagan's approach generated controversy. Some in Congress sympathized with the communist insurgents, a few with once-friendly right-wing dictators, while most were skeptical of the middle ground of promoting democracy in a region that had not known it.

Assuming the presidency in 1989, the the elder George Bush switched from offense to defense. He pushed aside Reagan's Central America policy as soon as elections took hold, in part to end partisan rancor, and in part because communism seemed to be a fading threat with the fall of the

Berlin Wall. When the Soviet Union collapsed, aid money for democracy programs was shifted from Latin America to Eastern Europe, even though democracy in Latin America had barely developed beyond elections. The White House proposed the Enterprise for the Americas Initiative to refocus hemispheric relations on less polemical trade issues. In the background, the White House quietly ramped up counter-narcotics assistance to Colombia—in tactical response to the growing power of narcotics cartels. Thus the first Bush administration replaced comprehensive strategy with an emphasis on trade and reaction to everything else.

President Bill Clinton was also reactive but guided less by a strategic formula. He fought hard in Congress for approval of the North American Free Trade Agreement (NAFTA), which doubled trilateral trade in eight years and helped Mexico create enough new jobs for its ballooning labor force to temper what would have been a deluge of migrants into the United States. But elsewhere, improvisation led his administration down blind alleys. Budget cuts prompted him to scale back Andean counter-narcotics efforts and drastically reduce the size of the Office of National Drug Control Policy. A pledge to help ousted President Jean-Bertrand Aristide caused the administration to invade Haiti in 1994.

Eventually, President Clinton had to reverse those decisions. When U.S. security assistance and the United States decertified Colombia as cooperating on counternarcotics, independent drug traffickers forged alliances with communist rebels and paramilitary groups that expanded their ranks and power in the countryside. In 1998, Colombian President Andrés Pastrana made resumption of U.S. assistance his priority. The Clinton administration helped him shape what became known as *Plan Colombia* in 1999. The Plan obliged the United States to provide approximately \$3 billion in security assistance and development aid over six years while Colombia would contribute \$4 billion of its own.

In Haiti, U.S. officials believed they could quickly intervene and then hand the situation over to United Nations peacekeepers to maintain order. In fact, the Clinton Administration's eagerness to ensure President Aristide's personal success led him to misinterpret U.S. actions as a license to subvert development efforts, politicize the police, and go back to old habits of unleashing violent mobs against his opponents—a history the Clinton Administration had overlooked. Aristide broke numerous promises to assistance donors and the Organization of American States, causing political opponents and foreign donors to distrust him. In 2000, President Clinton suspended U.S. assistance.

Taking over in 2001, President George W. Bush promised a more strategic approach encompassed by his theme "Century of the Americas." Speaking to State Department personnel before his first trip abroad to Mexico in 2001, he said the United States should work closely with its neighbors to "build a western hemisphere of freedom and prosperity, a hemisphere bound together by shared ideas and free trade from the Arctic to the Andes to Cape Horn." But occupied by the war on terrorism after 9/11, he took two-and-a-half years to assemble his Latin America team and chose to build on Clinton-era policies rather than adopt a broad agenda.

Even so, some good came from this fragmented approach. The Bush White House won bipartisan backing for trade promotion authority, enabling it to conclude a free trade agreement with Chile in 2003 and negotiate a similar pact with the Dominican Republic and five Central

American states in 2004 (DR-CAFTA). Congress approved initiatives to expand Colombian counter-narcotics programs to include counterterrorism and strengthening public institutions, as well as extending greater security assistance to other Andean nations. When his regime collapsed, Bush officials refused further support to President Aristide, ushering in a fresh start in Haiti and ending a policy of supporting personalities over institutions. Finally, it has tied accountability to development aid by offering Millennium Challenge Account grants to governments that have undertaken substantial democratic and free market reforms.

Sadly, diplomatic pressure and programs to pursue political progress beyond elections have waned. Rule of law and property rights are minor priorities in U.S. assistance programs. As an indirect result, many Latin Americans are wondering why democracy and limited market openings have not made their governments any more accountable or societies more prosperous.

As disturbing, vigorous public diplomacy programs that provided news, speakers, book translations, and thousands of academic and cultural exchanges at the beginning of the 1990s, were cut. The end of the Cold War prompted Congress and three presidents to reduce funding and, in 1999, merge the U.S. Information Agency into the Department of State. There, without leadership for much of the Bush presidency, it has been unable to respond to the war on terror, much less reach out to publics in regions like Latin America.

### **Autopilot Diplomacy**

The Reagan Administration may have handled broad strategies and multiple policies well, but, in one instance, lost control over personnel which resulted in the Iran-Contra arms-for-hostages scandal. Thus successive administrations have opted for narrower agendas and have limited policy-making authority to a smaller number of appointees. The current Bush administration has placed career officials in what would have been political positions—such as naming Foreign Service officers to key National Security Council positions in western hemisphere affairs. Putting them in political positions preserved continuity, but also ensured that little would happen to make news. Careerists specialize in implementing policy, not making it, which can break a 20-year career in a heartbeat if something goes wrong.

Pragmatism and limited authority might seem like a useful combination in diplomacy but, surprisingly, do not mix. Reactive diplomacy and improvisation require hands-on direction from senior political leaders who often have little time to become involved. The Middle and Far East have taken most of the attention of President Bush's policymakers. Occupied there, stasis has taken over U.S. diplomacy in the western hemisphere. George W. Bush's first term was nearly over before a confirmed Assistant Secretary of State for Western Hemisphere Affairs was in place.

The current Assistant Secretary is thoughtful, intelligent, and capable of conducting an array of initiatives toward the Americas, that is, if there were broad guidelines and delegated authority to make personnel decisions and oversee programs. However, today's administration permits very little discretion at the assistant secretary level, while most personnel actions fall to the Foreign Service's self-serving personnel system, that allows officers to lobby for assignments, make deals, and opt out of hardship assignments with little consequence.

## **Missed Opportunities**

Tactical decisions unguided by strategy have led to conflicts over goals. Since 9/11, the United States wanted its hemispheric allies to participate in the global war on terrorism, which is hard for small countries like Costa Rica, with limited financial resources. Washington could provide assistance to buy scanning equipment to enhance port security and offer intelligence training, except that Costa Rica refuses to sign an Article 98 agreement. Named after a section of the Rome Statute of the International Criminal Court (ICC), such a pact exempts U.S. service personnel from jurisdiction under the ICC, established in 2002. America's reservations are justifiable since the Court is accountable to no one and uses legal procedures unfamiliar in the United States. Yet Congress and the White House approved a law that would bar crucial security assistance if governments refused to sign—a shot in the foot.

Short-term thinking has led to sudden impasses. In February 2004, mobs once loyal to Haiti's president Aristide joined with thugs from previous governments, forcing him to resign. Rightly dissatisfied with Aristide's despotic performance, the Bush Administration chose not to intervene. Haitian Supreme Court Justice Boniface Alexandre assumed the presidency, and on March 13, former United Nations official Gerard Latortue replaced Aristide's prime minister and named a new cabinet. Some 3,300 peacekeepers arrived to help reconstruct Haiti's tiny police force, collect weapons, and secure humanitarian aid. Yet a year and a half later, Haiti's interim authority lacks adequate supervision and promised aid from donor nations. Haitians are only marginally better off and hardly prepared to elect a new government.

Myopic insistence on coca crop eradication—to the exclusion of help in dealing with growing political problems contributed to the Bolivian government's breakdown in 2003. Now populist agitators are rolling back democratic governance and market reforms achieved over the past decade. Absent a new approach, Washington may lose influence on coca eradication and access to Bolivian natural gas exports. Similarly, containing drug trafficking and terrorism in Colombia are holdover issues that dominate U.S. relations with Ecuador, despite its equally pressing governance troubles. U.S. programs to help political parties address these matters but are inactive in both nations.

A tight inner circle seems to have shut out possible sources of advice. President Bush chose to channel U.S.-Mexico relations through his friendship with Mexican president Vicente Fox, yet seemed puzzled on how to deal with him. Fox has been thwarted in achieving important political and economic reforms by a divided congress and his quirky first foreign secretary, who kept him silent after September 11 and then inexplicably pushed him to ask for U.S. concessions on Mexican migrants. Someone outside the inner circle might have recommended taking Fox aside to express dissatisfaction with the foreign minister, as well as offer to address the Mexican congress to advocate approval of Fox's promised economic reforms to create jobs at home.

Nowhere has Washington had more difficulty than in dealing with Venezuela's populist leader Hugo Chávez. In 2002, Chávez took advantage of a popular uprising against him to temporarily disappear from office, smoke out his enemies, and return consolidating his grip on power. The Bush administration was embarrassed by statements that appeared to accept Chávez's ersatz ouster. Seeking a dignified exit, Secretary of State Colin Powell turned to former U.S. President Jimmy Carter and the Organization of American States to broker a referendum on Chávez's

presidency. Although Chávez held a recall vote, Carter accepted limits on monitoring, declined to comment on the regime's massive effort to pad voter lists, and hastily reported a free and fair result. The Administration was forced to accept a flawed assessment.

### **Whose Responsibility?**

Latin America may be predominantly rural, Catholic, and poor. Ireland is also rural and Catholic, but no longer poor, nor a net people exporter.<sup>1</sup> By most indices, including The Heritage Foundation's *Index of Economic Freedom*, Ireland is now an economic powerhouse. Its democratic and recent economic choices have made the difference.

Despite average poverty rates running about 50 percent, Latin America has felt too little pressure to reform. Foreign assistance and loans make it easy to get by without change. Outside actors, such as China, are willing to trade and deal with corrupt governments that maintain control over markets. China's state-owned companies need raw materials to feed expanding production quotas. Although selling commodities to China may fill government coffers, it will not boost industrial growth to lift Latin America's workers out of poverty.

For all its faults, U.S. diplomacy has had notable success. Just 25 years ago, military dictatorship outnumbered civilian-elected governments by two-to-one. Today, all Latin American countries, except Cuba and Haiti, hold competitive elections and have adopted some market-oriented reforms. Pretty much on its own, Chile has even become a first-world leader in trade and market liberalization. With help, Colombia is back from the brink of a collapsing state.

Where U.S. diplomacy has failed, officials may have underestimated the extent to which some societies and their ruling elites are unwilling partners. The signs are at our borders. Each year, about one million illegal migrants come from Latin America to create wealth in the United States, largely because they cannot do so at home. Desiring a better future, they leave behind some of the world's worst public schools and bizarre laws that prevent them from going into business.

### **Doing What It Takes**

Except for Mexico, the United States probably could survive without Latin American markets, which account for less than 6 percent of U.S.-world trade. American refiners can buy oil from other suppliers besides Venezuela, which provides roughly 7 percent of U.S. consumption.<sup>2</sup> But U.S. peace and security depend on a stable neighborhood and on more prosperous neighbors. Alarming, as Latin America's population has expanded from 503.1 million inhabitants in 1999 to 534.2 million in 2003, its aggregate economy declined slightly from \$1.8 trillion in to \$1.7 trillion.<sup>3</sup> Nearly 44 percent of the region's citizens live below the \$2-per-day poverty line. Such

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<sup>1</sup> Ireland's GDP per capita is now 122 percent of the European Union's average, its economy having grown 80 percent during the last decade. See Marc A. Miles, Edwin J. Feulner, Mary Anastasia O'Grady, 2005 *Index of Economic Freedom*, The Heritage Foundation, *The Wall Street Journal*, Washington, DC, New York, 2005, p. 225.

<sup>2</sup> Mexico is America's second-largest trade partner behind Canada, with \$220.2 billion in merchandise trade in 2002. Brazil ranked 15th with \$26.8 billion. In 2002, most bilateral trade between Latin American countries and the United States ranged between \$3 billion and \$9 billion. See U.S. International Trade Commission, "Interactive Tariff and Trade DataWeb," at [dataweb.usitc.gov](http://dataweb.usitc.gov) (August 29, 2003).

<sup>3</sup> Although the population of Latin America and the Caribbean has increased from 503.1 billion to 534.2 billion from 1999 to 2003, gross national income has declined from \$1.8 trillion to \$1.7 trillion, according the World Bank,

factors impact the United States in lost potential trade, states that teeter on the edge of instability, and migrants who illegally enter the U.S. seeking safety and economic opportunity.<sup>4</sup>

Except for Europe and some Asian countries such as India, Japan, and the Philippines, no region *should be* as favorably disposed toward democracy and open economies as Latin America. Latin American leaders have generally aspired to Western-style democracy and markets, exemplified by numerous constitutions and laws that mirror the U.S. system. Yet individual rights, free choice, and equal opportunity clash with older traditions of imposed rule and corporatist segregation of economic classes and ethnic groups. Without adequate support for reforms that go beyond elections and free trade, the region's democratic progress could backslide.

To ward off future problems, the United States must:

- **Implement a more comprehensive strategy**—one based on three pillars: to promote stability through more democratic governance, to help open economies through the rule of law and the establishment of pro-business policies, and to improve security by strengthening police and military capabilities. All diplomacy, foreign assistance, and public outreach programs should be judged by these goals. While participation in multilateral institutions may enhance agreement on broad hemispheric agendas, they should not substitute for bilateral engagement. Summitry has produced hundreds of obligations that weigh on the hemisphere's governments. Few are ever satisfied because leaders cannot follow up and promote them all when they return to local capitals.
- **Practice consistent diplomacy.** Each U.S. administration must decide how much it can do. The government cannot take on so many tasks that it loses control of some of them. Nor should it limit engagement to certain objectives despite evidence that other problems must be solved. Appointments to positions in the National Security Council and cabinet agencies with foreign affairs responsibilities should be made considering whom would best promote the president's policies. If the administration desires continuity, career officials should be guided by a comprehensive strategy to avoid paralysis. If Reagan-style, proactive engagement is desired, political appointees should have enough authority and supervisory interest to achieve it. Above all, assistant secretaries and subordinate advisers should be better integrated into the policy-making process.
- **Nurture enduring partnerships.** NAFTA (with Mexico) and bilateral trade relations (with Chile) are building a basis for common experience and economic success. The Bush Administration has acted strategically to enhance counter-narcotics assistance to Colombia to include counterterrorism and help strengthen public institutions. Stovepiped counter-drug aid ignored deeper problems that have produced the country's crime and

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"Latin America & Caribbean Data Profile," at [www.worldbank.org/data/countrydata/countrydata.html](http://www.worldbank.org/data/countrydata/countrydata.html) (March 5, 2005).

<sup>4</sup> According to the National Intelligence Council's new study, *Mapping the Global Future*, ineffective governance and the backwardness of ruling elites could decrease Latin America's influence in world affairs and bar many of its countries from participating in the global economy. See National Intelligence Council, Report of the National Intelligence Council's 2020 Project, *Mapping the Global Future*, p. 78 (Washington, D.C.: December 2004), at [www.cia.gov/nic/NIC\\_globaltrend2020\\_s3.html#page78](http://www.cia.gov/nic/NIC_globaltrend2020_s3.html#page78) (March 3, 2004).



terror problems. Today's more comprehensive approach, coupled with a willing partner in the Uribe government, has weakened rural bandits, strengthened the economy, and laid the foundation for a new justice system that should be able to process Colombia's criminal terrorists. More countries besides Colombia need this kind of relationship.

Congress can help by crafting legislation that does not promote conflict between policies. For example, Washington might withhold development aid—not security assistance—as a lever to promote Article 98 agreements and yet help erstwhile allies strengthen their counterterrorism capabilities. Section 660 of the Foreign Assistance Act of 1961 should be amended to permit judicious training and assistance to foreign law enforcement agencies to ensure interoperability with U.S. counterparts. Congress should exercise oversight of security programs such as counter-drug assistance to prevent waste and human rights abuse, but refrain from excessive restraints that turn U.S. Embassy program sections into micro-managers that relieve host countries of their responsibility for running initiatives.

Both the White House and Congress should help repair America's faltering public diplomacy capabilities. The State Department's Under Secretary of Public Diplomacy and Public Affairs should have personnel and budgetary authority to carry out programs, instead of acting in the current advisory capacity. Declining foreign broadcasting efforts like Voice of America service to Latin America should be revitalized to offer programs that discuss how to maximize political and economic reforms as well as offer balanced news. This is particularly important as Venezuela's President Hugo Chávez inaugurates his satellite television channel, Telesur, to disseminate anti-U.S. propaganda throughout South America and the Caribbean.

## **Conclusion**

The United States and its hemispheric neighbors face new challenges on the horizon. In places where shallow democratic reforms and market liberalization have served to paper over autocratic practices and statist economies, publics are losing faith in pluralism and free markets. Latin America's population continues to grow without a healthy increase in jobs. Cuban dictator Fidel Castro is sending ideologue teachers and doctors to Belize, Honduras, Mexico, Nicaragua, Uruguay, and Venezuela. Venezuelan President Hugo Chávez has become his new sponsor, making up for lost Soviet-era subsidies. Moreover, Chávez is spreading petroleum profits around Latin America to advance populist, leftist parties and has aided terrorist groups such as Colombia's guerrillas. China is making deals with any government it can to obtain raw materials and establish its influence in the hemisphere.

Sustained U.S. commitment is essential to assure Latin America's stability and continued peaceful, democratic development—all very much in our national interest. In a nutshell, the ships in our diplomatic armada need rust-proofing, a clear course, and courageous captains to weather the storms ahead.